THE NATIONAL CITY BANK OF NEW YORK

1914

U. S. SECURITIES GOVERNMENT FINANCE AND RESERVE BANK ORGANIZATION

NEW YORK, OCTOBER, 1914.

The European War.

THE European war has now lasted two months, and they have been the blackest two months ever known to the modern world.

In recent years the opinion has been common, among men most familiar with the growth of international intercourse, that the economic relations that had developed between the important countries made war between them practically out of the question. The people who held this view saw in the results of hostilities not only the horrors of the battlefield, but such a wreck of industry and credit, and such appalling distress to the entire wage-earning population in the contending countries, that they could not believe the governments of the advanced countries would fail to settle all disagreements short of war. Events have shown that they were not in error as to the importance of these intermingling interests. What has occurred in the last two months has justified their forecasts as to results if not as to the prevention of hostilities. At the outbreak of the war there were fears that the industries would be crippled because so many men were in the armies, but soon it developed that the interruption of trade had made unemployment an acute national problem in each of the warring countries.

The papers are so full of news of the battles that but little information about the quiet people at home gets into them, but occasionally an isolated item gives some idea of conditions. The United Shoe Machinery Company is an American corporation with English, French and German factories. The factory at Paris has been turned into a barracks, the factory at Frankfort is at a standstill and the factory at Leicester reports that of 1,600 employes 700 have gone to the war.

Relief work has been started in a number of cities of Germany, Austria-Hungary and France, and in Berlin a start has been made with the construction of further underground railways in order to supply employment. Some complaints have been uttered that the government was employing prisoners of war in work that should have been allotted to the unemployed. In England there is naturally less idleness, but the "Statist" says:

"The Chancellor of the Exchequer has been kept busy ever since the war broke out in devising schemes for keeping trade going, because everybody lost his head and nobody was willing to engage in new enterprise.

"One hears on all sides of employees being dismissed, of wages being lowered, and so on. Those who save in that way forget that they are increasing unemployment, and that the unemployed will have to be supported in some way or other, and that the cares arising from a great war will be augmented by the suffering all around."

South America, which has depended upon Europe for its financing, has been hard hit. Brazil has defaulted upon its exterior debts, and its currency is seriously depreciated, but the State of San Paulo and City of Rio de Janeiro are meeting their obligations. Gold payments have been suspended in Argentina, and Chili and Peru have been seriously affected.

It cannot be said that as yet there is much improvement in trade relations, although some may be noted. It is announced that by the courtesy and permission of the German Government a route from Switzerland to the outside has been opened down the Rhine valley and through Rotterdam, and that freight and express now move regularly. On the other hand an embargo has been put upon exports from India until the adjacent waters can be cleared of German cruisers.

Russia, Turkey and Persia have placed an embargo upon exportations of wool, which, however, will have little effect except upon carpet grades, and the world is not calling for carpets very urgently at present.

Disorder in the Exchanges.

It is evident that the international banking organization, through which the trade of the world is settled by transferring credit, with insignificant shipments of money, is one of the vital factors in the interchange of products. At first it was thought that nothing but ships was wanted in order to start up trade, but with ships waiting for cargoes or leaving ports half-laden it has become evident that something else requisite to the movement of goods was to be supplied. The shipper must see how he is to be paid for his goods. The usual method is by drawing a draft on the buyer, or on some responsible accepting house or banker representing the buyer, which draft, when accepted, is cashed by the banker, thus taking the credit off the seller's hands even before the goods have reached their destination. It has been so easily and simply done that the intricate, delicate mechanism reaching across seas and boundaries, doing business largely upon reputation and good faith, has not been fully appreciated. With the outbreak of the war credit received a staggering shock. Enormous sums were owing across national boundaries, and the outcome

of this indebtedness cannot be known. To add to the situation moratoria have been declared, thus suspending the laws for the collection of debts, but while this is doubtless necessary, it adds to the complications. Bank balances are tied up so that the transfer of credits is greatly hampered. The greater part of the world's business is done through England, and English exchange has always formed the basis of other exchanges, but as yet the interchange of financial transactions between countries of Europe and England has been absolutely suspended. As an example American silk manufacturers want raw silk, and there is plenty of it in Milan, but the owners will not forward it without knowing how they are to be paid. If the silk dealer would take his pay in cotton a trade could be made. For the time we have lapsed back almost to direct barter, with exchange on London selling here at $4.90 to $5.00, and even higher.

There is still a difference of two, three and four cents on the £ sterling between buying and selling. Naturally, remitters object to the high rates of exchange and are postponing their remittances to some future date. This, instead of helping the situation, rather accentuates it inasmuch as the foreign creditor will be obliged to put his bank under a strain to meet his requirements at home. Millions of dollars have been deposited in the banks of New York for account of European concerns, pending the return to normal conditions.

The New York Banking Situation.

The New York Banking situation was discussed in this letter last month and with special reference to the fact that the disturbed banking conditions throughout the country were directly traceable to the depletion of the reserves of the New York banks, which in turn was due to the payments these banks had been obliged to make for the whole country in the settlement of foreign balances. The interior centers trade extensively with foreign countries direct, but for economical reasons the settlements for our entire country are made through New York. There is a similar situation in every other large country, but everywhere else there is a banking institution equipped to handle these settlements. Such an institution carries practically the entire gold reserve of the country in its vaults, and the effect of withdrawals from this consolidated stock is very much less than where the demand falls on only a fraction of the country's stock as has been illustrated at New York.

This experience has vindicated the arguments of the citizens of New York and others who urged that the Federal Reserve Bank at New York should include enough territory to make it sufficiently strong in resources to cope with the international problems that would from time to time arise, and in dealing with which the New York bank would naturally have to represent the entire country. If such a bank had existed at New York when this emergency arose it is evident that the situation could have been much more successfully handled, and if one central banking institution had been carrying the consolidated gold reserve of the country it is not likely that banking conditions over the country would have been seriously disturbed, and certainly there would be no necessity for taking up a gold collection.

The powers of the Federal Reserve Board are very great, and if under its authority the Federal Reserve Banks can be made mutually supporting like the branches of one system it may be that the country in the future will be safeguarded against a repetition of this experience. It is apparent, however, that under such circumstances the twelve banks should be under one control as completely as though they had common ownership and but one board of directors.

As a result of the gold movement the statement of the New York City clearing house and trust companies for August 15th showed them to be $47,992,250 below their legal reserves. Since then they have been endeavoring by all possible means, consistent with a desire to protect the general situation, to restore their reserves, but the demands upon them have prevented their doing so. The reserves at the last statement, September 26, showed a deficit of $30,709,400, but the difference between these figures by no means measures the progress that has been made toward normal conditions. It is obvious that the situation of the New York banks from day to day is not so important as the clearing up of foreign obligations that are maturing and deranging the foreign exchange market.

Chief among these obligations was New York City's temporary loans of about $80,000,000 negotiated some months ago, with maturities arranged through the fall months, when it was supposed settlement could easily be made by means of cotton or grain bills. Evidently all considerations demanded that the credit of the City of New York should be protected, either by the payment of these loans or satisfactory arrangements for their extension in part. This situation was met by the banks of the City, who agreed, under a pro rata arrangement to underwrite the entire amount and furnish the gold required for its liquidation. A part of the gold has been shipped to Ottawa for account of the Bank of England to meet maturities. How much gold will be required to close the entire transaction will depend upon the amount of exchange available and the amount of the new issue that can be disposed of abroad. Although money is lending at low rates in London on short time, and a six per cent. obligation of the City of New York would seem to be very attractive, there are evident reasons why English investors may prefer to keep their funds close in hand rather than invest in paper running several years.

The Gold Fund of $100,000,000.

The bankers of the entire country, of course, are interested in the foreign exchange situation. They are concerned about the general credit reputation of the country and that as a people we shall promptly meet our obligations. Many of them have customers with money in bank who are wanting to make payments that are due or coming due abroad, but who do not want to pay the prevailing premiums for exchange. The only way normal conditions can be restored without waiting for commodity

exports to build up our foreign credits, is by shipping gold and with the New York banks situated as they are it is apparent that the total amount required cannot at present be supplied by them. Moreover, it is recognized that general banking conditions cannot be normal over the country while the New York banks are below their legal reserves, and that therefore the entire country is interested in seeing their reserves restored rather than that further depletion should occur.

At the invitation of the Secretary of the Treasury and the Federal Reserve Board, a conference of delegates from clearing house associations was held at the Treasury on September 4, for the purpose of considering this subject. This conference after a day's deliberation appointed a committee to prepare and submit a plan for action. The committee consisted of James B. Forgan, Chicago, Chairman; B. F. Strong, Jr., New York; L. L. Rue, Philadelphia; S. Wexler, New Orleans; T. P. Beal, Boston. This committee reported a plan, the substance of which was that the banks of the country be requested to subscribe a fund of $150,000,000 in gold to be used in remedying the foreign exchange situation. The Federal Reserve Board and the Secretary of the Treasury approved the plan and addressed letters to the Clearing House Associations asking their co operation in carrying it out. After the disposition of the New York City loan, the Forgan Committee modified its original recommendation by making the sum to be raised $100,000,000 instead of $150,000,000. Among the other recommendations of this committee, all of which have been approved, are the following:

The administration of the fund should be conducted by a resident committee in the city of New York, where the principal foreign exchange transactions of the country take place, and we suggest that the recommendation of the Clearing House Association of the City of New York for the appointment of the following gentlemen as such committee be approved, namely: Albert H. Wiggin, chairman; William Woodward, J. S. Alexander, Francis L. Hine, Benjamin Strong, Jr., F. A. Vanderlip.

We propose to arrange the details of the plan of administration with the New York committee so that the requirements of all parts of the United States for foreign exchange will be fairly and impartially dealt with, and we suggest, in the event of any complaint on the part of any contributor to the fund in connection with the distribution or use thereof, your board shall appoint a committee of bankers to pass upon any such question, whose decision under such rules and regulations as you may prescribe, shall be final.

The committee representing the New York Clearing House Association should have authority to call upon the contributors for gold or gold certificates from time to time in instalments as required (provided, that the contributors shall not be called upon to pay any portion of an instalment which may make their investment in the fund at any one time exceed 25 per cent. of their original contribution), to arrange for shipments of gold to other countries, to sell exchange and cable transfers against such shipments at such prices as they may fix, to determine to whom and under what conditions foreign exchange may be sold, to distribute the proceeds of such sales among the contributing banks in New York funds, and to fix a date for the termination and final settlement of the fund. We, therefore, recommend that the gold or gold certificates be deposited in trust for the contributors in the vaults of the Clearing House Association of the City of New York, subject to the control of the New York committee, and that such committee issue to each contributing bank a certificate evidencing its contribution. The proceeds of sales of exchange may then be distributed by the committee among the contributing banks in New York funds and the amount of such repayment indorsed upon each certificate.

We have recommended that contributors to the fund be confined to the banks and trust companies in the central reserve and reserve cities, so that banks which are members of the Federal reserve system may make their payments at the time of the organization of the Federal reserve banks out of their own cash.

Almost the entire amount of this fund has been subscribed, the most important contributions being as follows: New York City, $45,000,000; Boston, $7,000,000; Philadelphia, $8,000,000; Chicago, $16,000,000; St. Louis $5,000,000; San Francisco $3,500,000; Pittsburgh, $3,000,000.

Objections to the Plan.

There has been no little vigorous opposition to the idea of forwarding gold to liquidate our indebtedness under existing conditions. The objectors have urged that important sums are owing to the United States in foreign countries and are uncollectible at present because of the moratoria in force, and that these sums are a proper offset to the debts we owe; that world conditions are wholly abnormal and incalculable, and that there is no knowing when security markets and trade relations will become normal or how much gold will go out if we relax our grasp upon it; that we had nothing to do with creating existing conditions, but have as much right to protect ourselves in the universal disorder that has resulted as the combatants have to suspend not only gold payments but the laws for collection of debts, forbid exportation of commodities, seize goods consigned by neutrals, or owned by neutrals, and do other arbitrary acts affecting the rights of neutrals, on the plea of military necessity; and finally, that the existing state of affairs, while deplorable, has the effect of discouraging further purchases by our people abroad, and of encouraging foreigners to take our commodities in settlement of the present indebtedness; and that the situation will work itself out in this manner with more safety and possibly in shorter time, than by attempting to restore the equilibrium through gold shipments.

Arguments for the Plan.

On the other hand it is recognized that the obligations now pending were created before the present situation developed, and confidence is felt that with these cleared away effective measures can be adopted to safeguard the future. It is an axiom in the scientific management of gold reserves that they are to be protected by preventing the creation of indebtedness rather than by forbidding payment after it is created. It has been considered that the individual citizens, corporations and municipalities of the United States should be enabled so far as practicable to meet their foreign obligations promptly and in the usual manner. They desire to do so, and our credit as a people will be greatly strengthened by doing so in a time of stress, despite fair reasons for doing otherwise. The pre-eminence of London as a world market undoubtedly has been due in part to the long period during which it has maintained free gold payments. The German Monetary Commission appointed a few years ago to consider banking policies and suggest amendments to the bank act, was unanimous in its opinion that it would be inconsistent with Germany's aspirations in the financial world for the Bank to charge a premium upon gold. At a time which seems propitious for raising New York to a new rank as an international money market it is worth while to exert ourselves to keep it on a gold basis. Positions of leadership are not gained or held in the world of affairs without the exercise of courage and resolution in times of emergency.

It cannot be said that there is any real danger that the United States will be denuded of its stock of gold. The difficulties that attend getting it are

too great for that. There can be no alarming movement when it is necessary to take up voluntary subscriptions among the banks in order to lay hands on gold or the certificates by which it is drawn from the Treasury. Even the banks could not exhaust the Treasury stock, for the total holdings of gold certificates by all of the national and state banks amount to only about $600,000,000 as against a round $1,000,000,000 of gold in the Treasury. The fact is that our gold stock is so inaccessible that we can scarcely find it or use it when we want to, and waiving the question of how much we ought to use in this emergency it is plain that no very large share of our possessions can be given up unless there is a spontaneous popular uprising in favor of so doing.

The establishment of the gold fund will have the effect of bringing the entire exchange situation under the purview of the committee in charge. This committee should soon have a better knowledge of the extent of our foreign indebtedness, and what it is for, and how much more is accruing, than anybody has at this time. The action of American bankers in raising the fund is a token of their readiness to cooperate with foreign bankers in again connecting up the mechanism of the exchanges on a working basis.

Value of a Gold Reserve.

It is well to remember that the raison d'etre of a gold reserve is to limit fluctuations in foreign exchange and in domestic prices affected thereby. So long as gold can be had for shipment the parity of the domestic currency with gold will be maintained. That is to say, although gold is occasionally hoarded for fear of war or possible bank insolvencies, it seldom goes to a premium for any other cause than the demand for foreign payments. The Government of India has maintained a large stock of silver rupees, estimated at $700,000,000, at a fictitious value, and handled a foreign trade aggregating about $1,500,000,000 per year, for now fifteen years, on a very small gold reserve fund, the larger part of which is not kept in gold at all, but in securities. On the 31st of August, 1914, the amount of gold actually in India in the gold standard reserve was only $30,000,000, besides which there was ear-marked gold and credits together amounting to about $25,000,000 in the Bank of England, and about $70,000,000 of securities kept in London. The latter is a doubtful factor in a gold reserve in times like these. This is as large as the fund has ever been, and it was much smaller for years, but it has done the business of a gold reserve.

The Indian currency system was adapted from the experience of the Dutch colony of Java, which for a much longer period has maintained a domestic currency at par with gold mainly by means of credits in Amsterdam. The monetary system of the Philippine Islands is based upon the same principle, to-wit:—that if the public is supplied with gold credits abroad, whether by shipments of gold, commodities or securities, or by loans, the domestic currency will not depreciate.

The most wonderful illustration of the principle, however, is afforded by Great Britain, with a foreign commerce of $7,000,000,000 a year and bank deposits aggregating over $5,000,000,000 and an available gold reserve in the Bank of England of about $200,000,000. The gold holdings of all other banks may aggregate as much more, but they scarcely count.

The stock of gold in the United States in the vaults of the Treasury and banks, saying nothing of private holdings, is over $1,500,000,000. It is very true that this stock is not under effective control, but given an effective banking organization it can scarcely be questioned that our gold stock is ample to permit of its free use to accomplish the purpose for which reserves are maintained.

Aldrich-Vreeland Act.

It is reassuring to a banker to know that he can obtain something with which to satisfy his depositors in the event of their coming down on him in a panic, and equally reassuring to the depositors to be told that untold millions in cash are within the banker's reach. It is clearly true, however, that widespread misconception exists as to the functions of currency in a country where most of the people use banks as commonly as in the United States. Bank notes are as good as any money for circulation, but the amount of money that can be absorbed in hand-to-hand circulation is limited. Loans are not made by passing currency over the bank counter, but by credit entries in deposit accounts. Such loans require a proportionate amount of reserves and bank notes do not count in the legal reserves of national banks. It is a mistake, therefore, to suppose that the Aldrich-Vreeland Act greatly enlarges the ability of national banks to make loans. What it does for them is to increase their facilities for paying depositors in case the latter are demanding cash. It is also true that the Aldrich-Vreeland notes may be carried in the reserves of state banks and thus increase the ability of the latter to make loans, but there is reason to fear that most of them will eventually reach the National Bank of the Central Reserve city.

The notes when issued require only a five per cent. reserve, in the redemption fund, but after being paid out for produce or labor they will soon appear in the banks as deposits, and as such call for reserves of 15 or 25 per cent. These deposits in the country banks, however, will be drawn upon for the purpose of making payments at the commercial centers, and unless the products of the country are moving out and creating bank balances at the centers, these notes probably will be forwarded for this purpose, and will pile up eventually in the central reserve cities. The tendency will be for deposits in the central reserve cities to increase, thus increasing the reserve requirements and compelling the banks to either reduce their loans or find more reserve money. The natural remedy would be for them to turn this currency in for redemption, but if this should be done rapidly it would very likely cause embarrassment not only to the issuing banks but to the Treasury, as the five per cent. redemption

fund is inadequate to deal with anything like an emergency. An extensive clearing system would be required to handle a heavy volume of redemptions, and even then the Treasury might have to stand in the breach for considerable amounts if redemptions were promptly made.

When the Federal Reserve banks are organized the problem of what to do with these notes will naturally be passed up to them. These banks are required to keep a reserve of 35 per cent. against all deposits. It is apparent that the notes are not a means of final payment but only a facility by which payments may be made where other forms of credit cannot be used. Whenever they become redundant in circulation they will be turned into the banks and become a deposit liability, against which other forms of money, principally gold, must be kept.

In practice everything will depend upon the use to be made of this newly manufactured credit. So far as it is used only to liquidate indebtedness already existing, it will relieve the situation. If, for example, a loan is made to John Jones and he pays out currency to farmers for cotton and, passing on, it pays debts to the local merchants and local banks, and then is passed on to the centers for the same purpose, the total volume of indebtedness is not increased by the process, but reduced. If the cotton was sold for consumption, the circle of payments would be complete. This year, however, a part of the cotton crop must be carried over, and liquidation will be less complete for this reason, but if credit expansion is confined to purposes of this character, and the loans are located with parties able to carry them, the policy will be legitimate and helpful. But if anywhere along the line of payments this circulating credit is diverted into side investments or speculations, the situation will be complicated and the foundations for trouble will be laid.

Our Foreign Trade.

The month of August made an unfavorable showing in our foreign trade with an adverse balance on merchandise of $19,398,776. It was not so bad, however, when it is considered that the exports of cotton were only 21,210 bales of the value of $1,306,117, as against 257,168 bales of the value of $16,518,569 in August, 1913, and that the exports of oil were only $7,837,291 as against $12,390,878 in August, 1913.

One of the best signs of promise is the fact that for the latter half of September our exports at New York have been running ahead of the same weeks of last year, notwithstanding the heavy falling off in cotton and oil, two of the leading articles, the gain in food stuffs evidently more than balancing these losses. One of the notable items of the week ending September 9th was 104,000 barrels of flour to France. The following figures show exports at the port of New York, other ports not being available, each week since the war broke out:—

Week ended	1914	1913
September 26	20,032,132	16,810,536
September 19	17,208,199	14,561,782
September 12	13,906,351	15,393,386
September 5	12,210,989	14,866,148
August 29	10,214,302	12,158,997
August 22	8,477,361	15,797,498
August 15	10,723,082	14,834,851
August 8	12,071,056	13,515,717
August 1	14,670,910	16,343,572
July 25	14,177,223	14,144,568

The tables which follow show the total value of exports from the port of New York to each of the South American countries in August, 1914, compared with August, 1913, also the total exports to each of the grand divisions of the world. No figures for September are now available.

EXPORTS TO SOUTH AMERICA.

	1913	1914
Argentina	$3,868,908	$602,614
Bolivia	75,795	34,879
Brazil	2,444,656	1,050,480
Chile	1,102,174	414,517
Colombia	629,268	447,184
Ecuador	160,478	127,844
Falkland Islands	......	171
Guiana—		
British	182,524	121,018
Dutch	95,097	40,996
French	5,891	23,925
Paraguay	18,889	......
Peru	472,324	320,869
Uruguay	462,348	88,498
Venezuela	363,642	300,521
Total	$9,882,494	$3,582,516

EXPORTS TO GRAND DIVISIONS.

	1913	1914
Europe	$46,310,071	$18,715,236
North America	9,531,065	7,618,623
South America	9,882,464	3,582,516
Asia	3,440,529	848,954
Oceania	4,936,336	1,309,123
Africa	2,088,510	771,278
Total	$76,158,975	$32,845,730

The following table shows all imports and exports of the United States for August, 1914, in comparison with August, 1913, by grouping used by the Department of Commerce.

GROUPS.	Month of August. 1913 Dollars	1914 Dollars
IMPORTS.		
Crude materials for use in manufacturing	41,661,017	40,751,223
Foodstuffs in crude condition and food animals	13,529,897	16,813,363
Foodstuffs partly or wholly manufactured	16,432,981	23,121,406
Manufactures for further use in manuf'g	25,697,795	19,030,326
Manufactures ready for consumption	39,095,706	28,635,305
Miscellaneous	1,234,157	1,416,267
Total imports	137,651,553	129,767,890
EXPORTS.		
Crude materials for use in manufacturing	35,333,193	12,237,695
Foodstuffs in crude condition and food animals	26,731,226	28,610,358
Foodstuffs partly or wholly manufactured	23,957,583	18,596,504
Manufactures for further use in manuf'g	34,026,345	16,208,545
Manufactures ready for consumption	64,710,943	32,357,363
Miscellaneous	354,983	187,797
Total domestic exports	185,114,273	108,198,262
Foreign merchandise exported	2,794,747	2,170,852
Total exports	187,909,020	110,369,114

It will be seen that exports fell off $77,539,906 and imports fell off $7,833,663. Of course, many of the importations were on the way when war was declared.

General Business Conditions.

Banking conditions have improved during the month, confidence being greatly strengthened. The tension in the money market has eased. There have been comparatively few insolvencies of importance in trade, and the banks generally have been caring for the necessities of their customers with praiseworthy consideration.

The bank clearings tell a story of diminishing exchanges. Those for New York City are, of course, affected by the closing of the Stock Ex-

change, although trading on the exchange was very light a year ago, but for the country outside of New York they are running about ten per cent. below the same weeks last year. Railway traffic earnings are lower, although roads in the wheat territory make a good showing. The middle west is in excellent condition because of the high price farm products are commanding and its buying powers are certain to be a great supporting factor in the situation for the year to come. The South has a big cotton crop, which turns out to be rather a dubious blessing, but while the price is sure to be disappointing as compared with expectations a little more than two months ago, it will surely pay a great many debts and buy a great many goods.

Industry has not recovered from the first shock caused by the declaration of war and the effect upon banking conditions. Commercial paper became unsaleable, the houses relying upon it were obliged to curtail their operations, everything in the line of new constructive work that could be held up was suspended, and the same is true of machinery and plant equipment purchases. Buying of all kinds has been curtailed as much as possible. The result naturally has been a considerable curtailment of employment. The iron and steel industry is working at about 60 per cent. of capacity. New foreign business so far has not made good losses at home. Operations in the oil fields have been restricted. The copper mines are working on about one-half time, but other mining operations have not been very seriously affected. The woolen industry, which was depressed because of tariff reductions, has improved, war conditions having interfered with foreign competition. Full employment for the woolen and worsted mills is in prospect. New England cotton mills are running light on account of the unsettled cotton situation. Buyers of goods are holding off and mill operators are doing the same, waiting more definite knowledge as to what the price of cotton will be. Manufacturers claim that cotton goods are now below a ten cent price for cotton. Wool is affected by the same conditions that affect cotton, but not so seriously.

The hosiery trade has not been good. In the past this country has exported certain lines of hosiery, silk almost exclusively, to England, Germany, Austria, France, Italy, South Africa and Australia, but this business is now practically cut off. The total consumption of hosiery in the United States amounts to about $80,000,000 to $90,000,000, and of this an average of from $4,000,000 to $5,000,000 has been imported. The manufacturers have looked forward to a notable increase in imports because of the low tariff, but this is being prevented by the war conditions.

During the last half of September buyers appeared in this market for European governments with large orders for army supplies and some important contracts have been made. The Italian government is authoritatively reported to be ready to expend $5,000,000 for shoes, knapsacks, saddles and clothing equipment. Heavy orders from other governments have also been taken for underwear, towels, army duck, blankets, etc. These are helping out the situation in spots materially, and giving a better tone all around. The market has been swept practically bare of these goods suitable for army use.

The situation as regards new foreign trade develops very slowly. Important credits for the South American countries have been granted in New York, and some trade has been created in this manner. The growth of business with South America necessarily will be slow, because of the absolute shutting off of the supply of capital from European sources.

Some of the more important lines of industry most affected by the war are treated of below.

The Cotton Situation.

The marketing of the cotton crop is by far the most important factor in the business situation for the United States. The uncertainty which hangs over it is curtailing all business activities in the South and causing Southern merchants to hesitate about buying goods in the North and East. Mr. H. R. Eldridge, Vice-President of this Bank, for many years a Texas banker, and thoroughly familiar with the production and marketing of cotton, in a statement before a conference invited by the Secretary of the Treasury and held in Washington August 24 and 25, stated the problem concisely as follows:—

"We have reason to expect, in view of the present favorable outlook of production in the Cotton Belt, that a crop of from fourteen to fifteen million bales of cotton is before us; and we know that approximately two million bales of the past year's American crop remain in the visible supply of American cotton, not yet taken, much less consumed by the world's spinners. The belief of well-posted men in the cotton trade is that the world's consumption of the American crop this season, under prevailing conditions, will be a minimum of 11,000,000 bales and a maximum of 13,000,000 bales. Averaging these figures, an actual surplus of 4,500,000 bales is in prospect; and so long as no provision is made for eliminating it from the supply and demand situation, for the time being at least, that surplus will be a menace to the market and must prove a serious handicap to the hope that even a living price can be realized by the producer for his cotton.

* * * * *

"It therefore seems evident that, if the almost unprecedented situation in which American cotton is now found, by reason of causes beyond our control, is to be saved from great demoralization and heavy losses to the country and the cotton producers, some 30 per cent. of this season's production must be removed from the present market and carried over to the next season; and that it must be accomplished in such a convincing way as to cause spinners to realize that the undoubtedly heavy surplus will no longer be a menace to the market, while the abnormal conditions in the cotton manufacturing industry of the world continue.

"It will cost the cotton producer in wages and material not less than $15 per bale to pick, gin and pack the cotton he has produced this year. This sum represents a cash advance that cannot and must not be avoided. Meeting these charges makes imperative a liberal extension of credit on the part of Southern bankers to the growers of cotton. In addition to this, the immediate needs of the growers must be provided for. To meet these and at the same time to meet the costs of gathering the crop and preparing it for market, it is essential that facilities should be accorded, which will enable the producers to obtain about six cents per pound, basis middling, on their product. That such advances would be safe is hardly worthy of debate; and that paper secured by the pledge of cotton on that basis would be a desirable investment, cannot be gainsaid. Were the South to sell 70 per cent. of its

product at a fair and reasonable price, (and that is all it should expect, with the conditions what they are), and were it then to hold back until next season the remaining 30 per cent., obtaining advances thereon as just outlined, it would be in a position not only to discharge its current obligations, but also to provide funds with which to prepare for next year's farming operations.

"It is obvious that until the cotton exchanges re-open and hedges are available no proper protection is offered nor no inducement given the cotton buyer or spinner to buy quantities of cotton beyond what is sufficient to cover actual sales or actual needs; and, until the exchanges are re-opened, buying must necessarily be indifferently active.

* * * * *

"In the near future, the bankers of the wheat-producing sections will probably have surplus funds to invest, and the Eastern and Northern States, as well as those of the Middle West and the West, will be reasonably easy in the matter of money and will be attracted toward good paper, well secured and of assured payment when due. Under the old order of things, paper secured by cotton and many other commodities was rarely presented on the market in such form as to command the respect of investors; and it cannot be so presented this season, unless conditions are changed in certain respects. One essential to this end is a uniform warehouse receipt of undoubted integrity. As things now are, such warehouse receipts are few. Where it is deemed necessary to improve the standing of warehouse receipts, warehouses making application to the proper authorities should be governmentally licensed under regulations to be established, and each warehouse so licensed should be supplied with a Government inspector who should issue a uniform receipt for each bale of cotton, or other form of package representing a commodity stored, certifying thereon the mark, the weight and the grade. This system would create a form of security good beyond peradventure, and one that would command the respect of all bankers and investors everywhere. Each obligation issued should be accompanied with a certificate of insurance, issued by a reputable insurance company, indemnifying the holder against loss by fire of the collateral pledged.

* * * * *

A Further Statement.

"As you have no doubt noticed, Secretary McAdoo has ruled that he will accept, classing same as 'securities,' notes or other forms of obligations secured by warehouse receipts representing commodities of full value, when such receipts are issued by warehouse companies of known reliability, on the basis of 75 per cent. of their face value. This will permit members of national currency associations to utilize paper representing advances they have made against such commodities in lieu of bonds as heretofore required and in connection with the 30 per cent. commercial paper allowed makes it possible for every member bank to take out its full quota of emergency currency.

"I do not believe the South has a full appreciation of the immense benefit the Aldrich-Vreeland Act gives to it. It is estimated that $174,000,000 of emergency currency is thus made available. Assuming that $150,000,000 will be taken out, it will be noted that full facilities are given for the holding of 5,000,000 bales of cotton at $30.00 per bale, against currency alone, but the benefit does not stop there. You cannot force people to carry in their pockets more currency than their needs require, and such surplus currency will naturally gravitate to the national and state banks throughout the sections in which it is circulating. The national bank note in the vault of a national bank is of no considerable benefit in the extension of credit, but it is an entirely different matter in the vault of a state bank, for there it may be counted as a part of such bank's legal reserve, and therefore becomes a basis for the extension of credit, which would not be less than $4.00 for $1.00. Assuming that $50,000,000 of this currency will go into the state banks, which in view of the large number of such institutions in the South is not unreasonable to expect, the issue of this emergency currency really gives the South a credit extension capacity of not less than $300,000,000, an amount sufficient in itself to care for all its possible needs, even under the conditions which now prevail."

The general problem remains at this time about as it was when Mr. Eldridge made his statement. Cotton is moving very slowly, but a better feeling is manifest in the South; prices are ranging around, and usually above, eight cents, and there is a wholesome and widespread determination among producers not to sell below these figures. So far as it is practicable for the farmers themselves to hold their product until market conditions are better, this is highly desirable; the world will come to them at a fair price if they can wait. The "Buy a Bale of Cotton" movement has been helpful and so is the action of the Boards of Trade and other commercial bodies over the country. Chicago is said to be proposing to finance 500,000 bales, and the Chamber of Commerce of Cincinnati has set out to handle 100,000 bales. St. Louis and other cities are likewise organizing to give important aid, and there is general recognition that the entire country is directly interested in solving the problem. It may well be that merchants and manufacturers over the country interested in the Southern trade will be able through their acquaintance and connections to render much assistance in placing loans upon this collateral with local banks and others in funds. The banks of those sections of the country where the crops have been enhanced in value by the very influence that has depressed cotton cannot find a safer or more readily convertible investment for their surplus funds than in cotton paper properly secured upon the staple itself.

It must be evident now to many people who have doubted it heretofore that the cotton exchanges have had a useful part in marketing cotton. When the exchanges were open there was a broad active market for cotton, conveniently open to everybody; the whole world could trade in it and the price represented the consensus of opinion. There was a standard price closely followed in the local markets, and it was possible for local buyers by selling futures against their daily purchases to do a safe business on a much smaller margin than they must have and carry the risks of the market. More people were interested in cotton, more capital was available for handling it and there was more competition for cotton than is possible without the facilities which the exchanges afford. It is, therefore, highly desirable that the exchanges be reopened to full operations as soon as practicable.

It is unfortunate that we have not as yet a banking organization which can assume leadership and play the part which the great central banks of Europe are performing for the support of industry and trade in this emergency, for organization and leadership count for much at such a time. In the long run, however, the problem must be worked out along natural economic lines. If the Bank of England were here it would not buy cotton. However good an investment cotton may be, dealing in cotton is not banking; somebody else must buy the cotton and have a substantial investment in it to make it a proper banking security. And while buying from patriotic motives will help steady the situation at the beginning of the season, the bulk of the crop must be bought with a view to profit, and

hence at prices which offer reasonable assurance of such a result.

Sugar has Benefitted.

Excepting the grain growers, the sugar producers have derived more benefit from the war than any other class of people. They have experienced an extraordinary change of conditions. In the spring of this year refined sugar sold in New York City at less than four cents a pound and raw sugar for less than three cents a pound, duty paid, the lowest prices in over a decade. The Cuban crop last year was over 2,500,000 tons, the largest on record; our domestic beet sugar crop was also the largest ever made, 655,000 tons, and the duty free sugar from Louisiana, Porto Rico, Hawaii and the Philippines brought the total from these sources to a figure above the consumption of the United States, which is approximately 4,000,000 tons. Until recent years it has been necessary for us to supplement the supplies from the above sources with sugar from the other West Indies, Java or Europe, imported under higher duties, and of course the price of the most costly portion of our supply fixed the price for all. At the prices prevailing, with all duties coming off in 1916, the Louisiana planters were figuring the value of their sugar mills as junk, or planning for their reconstruction in Cuba, and only the most favorably located beet sugar factories could see any chance to live.

The outbreak of the war completely changed the outlook, at least for this year's crop. The countries involved produce nearly one-half of the sugar crop of the world. Germany and Austria-Hungary are the most important exporters of beet sugar. With serious doubts raised as to whether these countries would be able to harvest this year's crop, or export any if harvested, English and continental operators, which this year includes the governments, set about securing a part of the Cuban product. The result was that within two weeks from August 3rd the price of raw and refined sugar in the New York market had advanced three cents per pound. The European buyers not only bid against the American refiners for raws in the Cuban market but cleaned up the stock of refined in New York. In August 36,879,372 lbs. of refined sugar was shipped from New York to Europe, a most unusual movement, and 15,468,285 lbs. of Cuban raw was transshipped at New York for Europe. From August 1st to August 18th the total exports of refined sugar from this country were 51,818,932 lbs., and the total transshipments of raw sugar were 24,794,556 lbs. The price of refined sugar went to $7.50 per cwt. and raw sugar to $6.50. The upward movement stimulated buying for domestic stocks, and for a time refiners limited sales to regular customers, and refused to make any sales for exports. All restrictions seemed to have the effect of increasing the alarm. Finally, at the above prices the rise stopped and a reaction has occurred. The future will doubtless depend upon the outcome of the European crop and whether or not it can be marketed outside of the countries where grown. At any rate the sugar producers of this country have had not only a respite but perhaps the best year in their history, and Cuba, which has another record-breaking crop in sight, will be given the greatest impetus of its history. As Cuba is a heavy buyer of goods in the United States this country will come in for some further share of the benefits at second-hand.

The Petroleum Industry.

Oils are a very important factor in our exports and rank next to cotton among the commodities that show heavy declines in August. The effect of the war upon the petroleum industry was instantaneous and acute. Important foreign markets were automatically closed, and all export commerce became unexpectedly complicated. Owing to the navigation laws of the United States the war found the great tank steamer fleets under foreign flags and registry, and by far the greater part under belligerent flags and registry, although owned by American citizens and companies. The cargo was almost as great a source of embarrassment as the ship. The London declaration (which was apparently made the basis for contraband proclamation by the warring powers) declared as conditional contraband, "Fuel-Lubricants." What petroleum products would or should come under this general contraband classification was, and is to-day, undetermined. Insurance became extravagant or unattainable, and petroleum exporters shared, with all others, the vicissitudes of demoralized foreign exchange.

Confronting all the foregoing conditions, the great seaport refineries were compelled to minimize shipments and restrict output, thus rendering compulsory a lessened staff and reduced purchases of crude oil. This inevitably had a serious effect upon pipe lines and producers, so the petroleum industry in its entirety was among the first to experience the baneful consequences of war. The refineries are now using every effort to resume export deliveries, and moderate progress is being made, although it is too early to speak with confidence of the future volume of trade. Several tank steamers are in course of transfer from belligerent to American registry, under the law of August 18, 1914, and two of the finest tank steamers afloat, recently constructed in American shipyards, sailed last week for continental ports under the American flag, and with American officers and crew.

The foreign petroleum industries are not escaping complications traceable to the war, as neither the Russian, Roumanian nor the Galician industries are in position to continue their normal production or shipments.

In the midst of its perplexities the industry has been confronted with the war tax of two cents per gallon on gasoline, by which the United States Government hopes to realize $20,000,000 per year, and which manufacturers regard a serious burden at this time. It has been suggested that gasoline for export should be exempt from this tax or with equitable justice that the tax should be levied on importations.

Exports of Coal.

At the outbreak of the war an embargo was put on the exportation of Welsh coal, which promised for a time to result in a large demand from foreign quarters for American coal, notably from South America and southern Europe. As a result of inquiries several companies sent representatives to South America, some important sales were made and agencies will be permanently established.

The embargo on Welsh coal has been raised and competition from that quarter is sharp, showing that the trade will have to be handled on close margins. One handicap to the American producer is the fact that most of the large consumers are corporations owned in England, and naturally favorable to the English producers. Moreover shipping facilities to South America must become greater by reason of free interchange of traffic in order to allow freight rates that will compete with those from Cardiff.

The American dealers are now keenly awake to foreign business and will make greater efforts for it than they have ever done before. They are hopeful that the use of the coal introduced by reason of this emergency will remove the opinion heretofore common that Cardiff coal is superior to any that can be had in this country.

An indication of the interest shown by American coal dealers is an enterprise for the purpose of establishing coal yards and shipping facilities at Charleston, South Carolina. In addition, several of the railways of the United States which tap the coal districts are encouraging and co-operating with the coal producers along the lines of their roads for foreign trade.

Dye Stuffs Situation.

There are not many lines of imported goods in which the United States is seriously dependent upon European countries, but the line of dye stuffs is one of them. The volume of imports is not so great but the dyes are necessary to the great textile industry. The manufacture of dyes has been revolutionized by the discovery of coal tar extracts, which have reduced the use of wood extracts to insignificant proportions. Coal tar is a by-product of the illuminating gas industry, which, at the present time, also produces coke as a by-product. Coal tar is also a by-product of the coke industry which consumes the gas as fuel. No matter from which industry it is obtained, coal tar by proper treatment yields, benzol, toluol, naphtol, anthracene, carbazol, and other bodies, which constitute the raw materials for the coal tar dye industry.

The number of colors is very great and the processes for making them are complicated, covered by thousands of patents and protected by secrecy. It would be difficult to produce them in this country without importing the scientists who have worked out the processes. The dye factories are located along the Rhine and their natural outlets in times of peace are through Antwerp and Rotterdam. Since the war the latter only has been open. Germany at first declared an embargo upon the dye stuffs, which remained in force for about a month. There were certain shipments already on the way at the time of the declaration of war, but during the period of August 15th to September 15th practically no shipments were received on this side of the ocean. A little later, however, Germany saw fit to remove this embargo upon the prepared dyes, but it was maintained upon all raw materials, lest some new factory should be built in this country for the purpose of manufacturing the completed product.

Lately, it is stated, the embargo has been re-established in modified form, owing to the fact that dyes had been sold after arrival in the United States for re-export to England. Exports are now limited to fixed monthly quotas, presumed to be no greater than necessary to the immediate necessities of parties who have contracts. Prices in this country will therefore probably continue to be higher than before the war.

As illuminating gas and coke are produced in great quantities in this country there is no physical difficulty in producing an abundance of coal tar and its chief constituents, but, the manufacture of a line of dyes would require considerable time for development and if the war ended soon the labor would be thrown away unless the industry was protected by heavy duties.

Condition of Foreign Banks.

It is interesting to note the changes that have occurred in the condition of the great banks of issue of Europe resulting from the war, and particularly of those in the warring countries. All of these banks are being protected by the governments, and with a view to affording all possible support to industry and to ameliorating so far as possible the disastrous effects of the war upon the credit situation. The most extraordinary action to this end is that taken by the Bank of England, under a guaranty against loss by the Exchequer, by which it agrees to provide the accepting houses with funds to meet all pre-moratorium bills at maturity, in order that they may resume operations with current business. The Bank of England undertakes not to claim repayment of any amounts not recovered by the acceptors from their clients for a period of one year after the close of the war. All new liabilities assumed by these houses in the meantime will rank ahead of the Bank's claim. The losses to the Government under this arrangement may be very large, but without some such action the British money market would have been very badly demoralized. Now it is in good working order.

The Bank of England's position had been improving before the outbreak, its metallic reserve having increased from 44½% on May 13th to 52⅜% on July 22nd. About the latter date the "pour parlers" over the Servian situation began to offset it unfavorably and on July 29 the reserve had fallen to 40% and the bank rate was raised from 3 to 4%. On July 31st war was declared and the bank rate was immediately raised to 10% where it remained for a day or so, and then was gradually reduced to 8, 7, 6, and 5%, the rate now prevailing. Between July 29th and August 8th the reserve fell

to 14¾%, partly because of a loss of £11,000,000 of gold, and partly because of a rise of £15,000,000 in "deposits" which signifies loans. This increase of "deposits" was only the beginning of the flood; from £55,000,000 on July 22, they rose to £159,000,000 on September 30, or an increase of $520,000,000. The securities naturally rose also in the same time, the figures for the two dates being £44,000,000 and £141,000,000. The Bank has been gaining gold since August 7, its stock rising from £27,000,000 to £53,000,000 on September 30. Its stock of gold on the latter date was the largest in many years, but owing to its enormous "deposit" account the ratio to liabilities was only 22.81%. The Bank of England is now presumably receiving practically all of the gold product in South Africa, Australasia, India and Canada, which totals approximately $15,000,000 per month, or 40% of the world's production.

No statement for the Bank of France is available for a date later than July 30th, the publication of statements having been discontinued. Its "discounts and advances" increased between July 23rd and July 30th from $455,000,000 to $640,000,000, and the note issues from $1,180,000,000 to $1,335,000,000. The discount rate now stands at 5 per cent., the highest rate since 1870. Its holdings of gold on July 30th were $828,000,000.

The statement of the Imperial Reichsbank is doubly interesting at this time on account of Germany's complete isolation from the rest of the world. Communication with Germany can only be had in an indirect way and through the intermediary of third parties. From July 23rd to August 31st its metallic stock fell off from $424,000,000 to $409,000,000, about $20,000,000 of this being silver. Between the same dates its "bills discounted" increased from $137,500,000 to the enormous sum of $1,187,500,000, its "deposits" from $235,500,000 to $610,000,000, and its circulating notes from $472,500,000 to $1,058,500,000. The enormous increase in the items of liabilities indicates that the Reichsbank is pursuing the same general policy of extending credit freely as the Bank of England. The Imperial Treasury has resorted to the issue of emergency currency and notes are now in circulation of as low a denomination as 2 Marks and 1 Mark.

The Imperial Bank of Russia held in its vaults on August 29th practically the same amount of gold as on July 21st, to-wit: $800,000,000; but balances abroad of $72,000,000 had been reduced to $58,000,000. Its loans had gone up from $380,000,000 to $605,000,000, its "deposits" from $298,000,000 to $369,000,000 and its circulating notes from $817,000,000 to $1,215,000,000.

The National Bank of Belgium, singular as it may seem, increased its gold stock from $66,000,000 on July 23rd to $79,000,000 on August 6th; its loans and securities went up between the same dates from $130,000,000 to $206,000,000, and its note circulation from $195,000,000 to $259,000,000.

No recent statement of the condition of the Austro-Hungarian Bank is available.

The Moratoria.

BELGIUM.

Moratorium prescribed by the Government.

Gives to the notes issued by the Banque Nationale de Belgique legal tender quality. It also releases drawees from payment of all negotiable instruments until August 31st. It further limits the withdrawal of funds deposited in banks for sums exceeding Fcs. 1,000 by 10 per cent. Deposits not exceeding Fcs. 1,000 can be immediately withdrawn.

ENGLAND.

Moratorium provides that all time bills accepted prior to August 4th may at maturity be reaccepted for a further period of 30 days. This moratorium has been extended for a further period of 30 days but a great many of the banking institutions are not taking advantage of it and are paying their acceptances.

The second Proclamation covers also the extension of payment of demand instruments for a period of thirty days. An important feature in connection with these Proclamations is that they do not extend the benefit of same to foreign debtors.

GERMANY.

Notwithstanding allegations to the contrary, Germany has declared a moratorium in accordance with the Council of States dated August 10, 1914, but the burden of this moratorium is not placed upon the inhabitants of Germany but upon foreign debtors, and in view of the discussion as to the non-existence of this moratorium now going on, it is interesting to note the exact wording of same, which is as follows:

"The Council of States has decreed as follows in accordance with Paragraph 3 of the Law covering the power of the Council of States relative to economic conditions to take effect from August 4, 1914. See the Imperial Law Journal, Page 327:

"Paragraph 1. The maturity of all bills issued in foreign lands prior to July 31, 1914, and payable in Germany, provided they have not matured prior to July 31, 1914, is extended by a period of three months. The liability for stamp taxes, according to Paragraph 3, Section 2 of the Bills Stamp Law, will not be enforced.

"Paragraph 2. This edict is in force from the date of publication. Berlin, August 10, 1914."

FRANCE.

The original moratorium was decreed on August 5, 1914, and covers negotiable items maturing between the period of July 31st and September 1st, extending same for a full period of thirty days. This decree covers bills of exchange, bills to order or bearer, checks, with the exception of those presented by the drawer himself, money orders and warrants. The Public Treasury however is exempted from the provisions of the decree and furthermore the small depositor is exempted; that is, if the sum if less than Fcs. 250. Otherwise all moneys on deposit can be drawn out to the extent of 5 per cent. of such deposits.

On August 31st, this moratorium was extended for a further period of thirty days but the amount permitted to be drawn out was increased to 10 per cent.

The following countries have also established moratoria:

Russia	Bulgaria
Italy	Egypt
Sweden	Brazil
Norway	Ecuador
Denmark	Peru
Greece	Uruguay
Roumania	Canada

To a limited extent also:

Argentina
Switzerland
Spain

The War Tax Bill.

The War Tax Bill, so-called, framed by the Ways and Means Committee of the House of Representatives and passed by the House, proposes a series of special taxes for the purpose of providing an increase of the revenue of the government in a sum sufficient to equal the estimated losses in Customs receipts, due to a decrease in imports as a result of the European wars now in progress. The Com-

mittee in the report accompanying the bill states that the value of dutiable merchandise imported from the European countries now at war was $385,989,-551 in fiscal year 1914, and that if all were cut off the loss in Customs Revenue would be at the rate of $125,811,000 per annum; but as it is probable that a part of these imports will continue, the Committee estimates that the loss on Customs receipts will not exceed $100,000,000 per annum.

The new Revenue Bill is therefore framed with the purpose of raising $100,000,000 per annum of additional revenue from special taxes distributed as follows:

On fermented liquors	$32,500,000
Wines	6,000,000
Gasoline, etc.	20,000,000
Special taxes	16,500,000
Stamp taxes	30,000,000

The tax on fermented liquors increases the rate from $1.00 per barrel at present to $1.50 per barrel; places a tax of 20 cents per gallon on sweet wines of domestic production, and 12 cents per gallon on dry wines; 2 cents per gallon on gasoline, naphtha and similar products; special taxes on bankers of $2.00 for each thousand dollars of capital used or employed, including also surplus and undivided profits; annual tax on brokers ranging from $10 to $50 per annum, according to the class of business; $100 per annum on proprietors of theaters, amusement and concert halls in cities above 15,000 population; $100 on circuses and similar sums on agents of all other public exhibitions and proprietors of bowling alleys and billiard rooms. Special taxes levied on tobacco dealers and manufacturers are proportionate to amount of business conducted and are expected to produce a total of $5,000,000. A tax of one cent per message on telephone conversations or telegrams is estimated to yield $1,500,000 per annum; each parlor or sleeping car ticket must pay two cents. Stamp taxes, requiring the attachment of adhesive stamps to bonds, stock certificates, notes, conveyances, insurance policies, certificates of sales or produce exchanges and other documents when issued or transferred, and described by the Committee as "largely a reenactment of certain of the stamp tax sections of the War Revenue Act of 1898," are expected to produce a revenue of $30,000,000 per annum. The rate of stamp tax provided by the bill is five cents on each $100 face value of all bonds, debentures or certificates of indebtedness issued after November 1, 1914, by any association, company or corporation; also 2 cents for each $100 face value, or fraction thereof, on all sales, or agreements to sell, or memoranda of sales or deliveries or transfers of shares or certificates of stock in any association, company, or corporation, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale, whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money or for the future transfer of any stock; a tax of one cent per $100 on every sale or agreement to sell at any exchange or board of trade or other similar place of any merchandise or produce; two cents per each $100 face value of all promissory notes; express and freight receipts, one cent each.

There is reason to believe that the estimated revenue under this bill will fully offset any losses of customs revenue due to reduced imports. The revenue from customs from the close of the first month's operation of the new law to the beginning of the war period averaged about $22,150,000 per month, or at the rate of $266,000,000 per annum, and as the imports at New York, the chief port of entry for European merchandise show in the period, August 1st to September 19th, a total of $84,800,000 against $101,000,000 in the same period of last year, or a reduction of but about 16 per cent. in value of imports, it may be assumed that the loss in customs revenue will be somewhat less than the outside limit of $100,000,000, named by the committee, unless conditions as to imports should grow materially worse. Thus far each week, since August 15th, has shown an improvement in imports; those of New York, for the week ending September 19th, being actually greater than those of the corresponding week of last year.

Government Funds Withdrawn.

As part of his programme of protest against excessive reserves, it is reported that the Secretary of the Treasury has recently withdrawn about $3,000,000 from banks holding crop moving funds, regular Government deposits, and even from banks holding as small an amount as the complimentary deposit of $1,000. It is reported that these are to be repaid to the Treasury in two instalments but it is expected that these funds will be later redeposited in banks.

Federal Reserve Act.

On the last day of the month, September 30th, the Federal Reserve Board began the announcement of its selections for Class "C" directors, when the names of those appointed for five of the twelve Regional Districts were given out. The selections announced so far are as follows:

New York: Pierre Jay, New York City, Reserve Agent and Chairman of the Board; Charles Starek, New York City, Deputy Agent and Vice Chairman; George F. Peabody, Lake George, N. Y.

Boston: Frederic H. Curtiss, Boston, Reserve Agent and Chairman of the Board; Walter S. Hackney, Providence, R. I., Deputy Agent and Vice Chairman; Allen Hollis, Concord, N. H.

St. Louis: William McC. Martin, St. Louis, Reserve Agent and Chairman of the Board; Walter W. Smith, St. Louis, Deputy Agent and Vice Chairman; John Boehne, Evansville, Indiana.

Minneapolis: John F. Rich, Red Wing, Minn., Reserve Agent and Chairman of the Board; T. M. Kerst, St. Paul, Deputy Agent and Vice Chairman; John W. Black, Houghton, Mich.

Richmond: William Ingle, Baltimore, Reserve Agent and Chairman of the Board; James A. Moncure, Richmond, Deputy Agent and Vice Chairman; M. F. H. Gouverneur, Wilmington, N. C.

It is expected that further announcements will be made in the course of the next two weeks as to directors of Class "C" for the remaining seven districts, and that within a month an assessment will be made on the member banks to provide a fund in amount sufficient to enable the Federal Reserve Board to pay the salaries of its members and other expenses incident to organization. It is not yet definitely known when the new system will be inaugurated, but the authorities are making every effort

to put it into operation at an early day. Considering the fact that each of the twelve Regional Banks will have to perfect its organization before it is ready for actual business, it is likely that a full year will have elapsed from the time of the passage of the law before the system is in complete operation, although some of the Regional Banks may be in operation considerably before that time.

Much doubt has been expressed as to the advisability of inaugurating the system while financial conditions remain unsettled on account of the European War. It has been forcibly argued that to shift reserves from the banks of the central reserve and reserve cities to the Regional Banks while the country is under a financial strain might prove to be harmful. On the other hand it is urged that the smaller amount of reserve required of member banks, once the new system is in operation, will offset the shock of transferring them from points where they are now held to the vaults of the Regional Banks.

SECRETARY OF THE BOARD.

The Board on September 2nd selected as its Secretary, Dr. H. Parker Willis, who bore an important part in preparing the original draft of the Federal Reserve Act. Dr. Willis will be of great value to the Board. As a financial writer, professor of economics and editor of the New York Journal of Commerce, he has acquired an equipment which peculiarly fits him for service with the Federal Reserve Board.

Hon. Sherman Allen, formerly Assistant Secretary of the Treasury, has been made Assistant to Dr. Willis. In view of Mr. Allen's established administrative ability, this appointment is also to be commended, he having under a former administration served in most creditable manner both at the White House and in the Treasury.

The following orders, press notices, etc., relative to the Federal Reserve Act, or relief measures growing out of European war conditions, were issued in September.

WAREHOUSE RECEIPTS.

September 1, 1914.

Secretary McAdoo said today:
Notes secured by warehouse receipts for naval stores and presented through National Currency Associations, will be eligible as a basis for the issue of national bank currency at seventy-five per cent. of their face value. They will be accepted when found satisfactory, along with other securities, to a reasonable extent.

BRANCH BANKS AUTHORIZED.

September 2, 1914.

The Federal Reserve Board granted the application of The National City Bank of New York for authority to establish branches at Buenos Aires and Rio de Janeiro. By-laws and the plan of operating these branches were approved by the Board September 18, 1914.

Pending Amendments to Federal Reserve Act.

Several bills to amend the Federal Reserve Act of December 23, 1913, have been introduced within the last few weeks in both the Senate and House but the indications at present are that only two of these bills are likely to become laws at the present session. The first amends Sec. 19 of the Federal Reserve Act by adding the following paragraph:

"For a period of thirty-six months after the Secretary of the Treasury shall have officially announced the establishment of a Federal Reserve bank in any district, as provided in Section 19 of the Federal Reserve Act, member banks may carry in the Federal Reserve banks of their respective districts any portion of their reserve now required by Section 19 of this Act to be held in their own vaults."

Section 16 of the Federal Reserve Act is amended by adding the following paragraph:

"The Secretary of the Treasury is hereby authorized to devise and put in operation a system of clearances of National bank notes between the Treasury, the Federal Reserve banks and the member banks, and for that purpose to designate Federal Reserve banks as agents of the United States."

Another bill which it is believed will become a law, provides: "That no National Banking Association shall be authorized in any event to issue circulating notes based on commercial paper in excess of one hundred per cent. of its unimpaired capital and surplus." The Federal Reserve Act, as it now stands, limits such issue to thirty per cent.

It is also declared that the provisions of Section 5202 of the Revised Statutes shall not apply to contingent liabilities incurred by National Banking Associations by reason of membership in currency associations organized under the provisions of the Act of May 30, 1908, as amended.

The Anti-Trust Legislation.

Two of the three measures constituting the Administration's anti-trust program are completed, or practically completed. On September 26th the President signed the Federal Trade Commission Act, and as this circular goes to press the Senate has under consideration the adoption of the conference report on the Federal Anti-Trust bill. The remaining measure, known generally under the designation of the "Bonds and Stocks" bill, has been put aside until the next session of Congress, when, it is understood, it will be taken up for consideration. It is also rumored in Washington that at the next session of Congress the party now in power will undertake to re-establish the Commerce Court, recently abolished, and that such court, if re-established, will instead of holding its sessions only in Washington be authorized to sit at various important cities, among which are mentioned: San Francisco, Denver, Chicago, St. Louis, New Orleans, Cincinnati, New York, Boston and Washington. It is said that the idea of authorizing sessions of the court to be held in these various cities is for the benefit of the shippers, rather than for the convenience of the railroads.

In view of the new rules laid down for the conduct of business in the Trade Commission Act and in the Federal Anti-Trust bill now about to become a law, the main features of each of these measures are given below for the benefit of the readers of this circular.

Federal Trade Commission Act.

The Federal Trade Commission Act, as signed by the President, provides that the commission shall consist of five members to be appointed by the President, with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed are to continue in office for terms of 3, 4, 5, 6 and 7 years, respectively, from the date of the taking effect of this Act, but their successors shall be appointed for terms of 7 years. The Commission is authorized to choose a chairman from its own membership, and no commissioner shall engage in any other business, vocation or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

Each commissioner is to receive a salary of $10,000 a year, and the Commission shall appoint a secretary, who shall receive a salary of $5,000 a year. With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the Commission may find necessary, all employees of the Commission shall be a part of the Classified Civil Service.

Bureau of Corporations Abolished.

Upon the organization of the Commission, the Bureau of Corporations shall cease to exist, and all pending investigations and proceedings of the Bureau of Corporations are to be continued by the Commission.

"Commerce" is declared to mean commerce among the several states and territories or with foreign nations.

Unfair Competition.

The Act declares that unfair methods of competition in commerce are unlawful, and the Commission is empowered and directed to prevent persons, partnerships or corporations, except banks, and common carriers subject to the Act to regulate commerce, from using unfair methods of competition in commerce. Whenever the Commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in commerce, it may issue and serve upon such person or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a day and at a place therein fixed at least 30 days after the service of the complaint.

The Commission is authorized, should the facts disclosed warrant it, to serve an order requiring such person, partnership or corporation to cease from using such method of competition, and if such order is not obeyed the Commission may apply to the Circuit Court of Appeals of the United States within any circuit where the method of competition in question was used, for the enforcement of its order. The findings of the Commission as to the facts, if supported by testimony, shall be conclusive and the judgment and decree of the Court shall be final except that it shall be subject to review by the Supreme Court.

Any party required by such order of the Commission to desist from using unfair methods of competition may obtain a review of such order in the Circuit Court of Appeals by filing a written petition, whereupon the Court may set aside or modify the order of the Commission if the facts warrant.

Such proceedings in the Circuit Court of Appeals are given precedence over other cases pending therein, and shall be in every way expedited.

Authority to Investigate Corporations in Inter-State Commerce.

The Commission is also given authority to gather information concerning, and to investigate, the organization, business, conduct, practices, and management of any corporation engaged in Interstate Commerce, excepting banks and common carriers subject to the Act to Regulate Commerce, and its relation to other corporations and to individuals and associations and partnerships.

It is also authorized to require corporations engaged in commerce, excepting banks and common carriers, to file with the Commission in such forms as the Commission may prescribe, annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the Commission such information as it may require as to the organization, business, conduct, practices, management and relation to other corporations, partnerships and individuals of the respective corporations filing such reports or answers. These answers are to be made under oath.

Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the Anti-trust Acts, the Commission is given power to make investigation, of the manner in which the decree is being carried out and upon the application of the Attorney General it is made the duty of the Commission to institute such investigation. It shall report its findings to the Attorney General and the report shall be made public in the discretion of the Commission.

The Commission is also given power, upon the direction of the President or either House of Congress, to investigate and report upon the facts relating to any alleged violations of the Anti-trust Acts by any corporation.

The Commission is also empowered to investigate upon the application of the Attorney General, and to make recommendations for the readjustment of the business of any corporation alleged to be violating the Anti-trust Acts, in order that the corporation may thereafter maintain its organization, management and conduct of business in accordance with the law.

The Commission is also authorized to make public from time to time such portions of the information obtained by it, except trade secrets and names of customers, as it shall deem expedient in the public interest, and to make annual and special reports to Congress and to submit recommendations for additional legislation.

Commission to Report on Trade Conditions in Foreign Countries.

The Commission is also given authority to investigate from time to time trade conditions in and with foreign countries where associations, combinations or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon with such recommendation as it deems advisable.

Commission to Act as A Master in Chancery.

In any suit in Equity brought under the direction of the Attorney General, the Court may, upon the conclusion of the testimony if it shall appear that the complainant is entitled to relief, refer the suit to the Commission as a Master in Chancery to ascertain and report an appropriate form of decree therein.

Government Departments and Courts to Aid Commission.

The several departments and bureaus of the Government, when directed by the President, are required to furnish the Commission all records, papers and information in their possession relating to any corporation subject to the provisions of this Act.

It is declared that for the purposes of this Act the Commission, or its duly authorized agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against, and the Commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to the matter under investigation.

The Courts are given authority to punish any failure to obey the subpoena and the District Courts of the United States are given jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this Act or any order of the Commission made in pursuance thereof.

Immunity of Witnesses and Penalties for Failure to Testify.

No person shall be excused from attending or testifying or producing documentary evidence before the Commission on the ground that the testimony or evidence required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may testify or produce evidence in obedience to a subpoena issued by it. It is provided, however, that no natural person so testifying shall be exempt from prosecution and punishment for perjury.

Any person who neglects or refuses to attend and testify or to produce documentary evidence, if in his power to do so, in obedience to the subpoena of the Commission shall be subject to a fine of not less than **$1,000** nor more than **$5,000**, or by imprisonment for not more than one year, or by both such fine and imprisonment. The Act provides that any person who shall refuse to submit to the Commission or its agents, for purpose of inspection and taking

copies, any documentary evidence of such corporation, shall be subject to a fine of not less than $1,000 nor more than $5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required by this Act to file any annual or such report shall fail to do so within the time fixed by the Commission, and such failure shall continue for thirty days after notice of such default, the corporation shall forfeit to the United States the sum of $100 for each and every day of the continuance of such failure.

Officers and employees of the Commission who make public any information without the Commission's authority, unless directed by the Court, are made subject to a fine of not exceeding $5,000 or by imprisonment of not exceeding one year, or by both fine and imprisonment in the discretion of the Court.

Federal Anti-Trust Bill.

The Federal Anti-Trust Bill, as agreed to by the conference committee of the two Houses of Congress, provides that it shall be unlawful for any person engaged in commerce to descriminate in price between different purchasers of commodities, which commodities are sold for use or re-sale within the United States or any Territory thereof, or any insular possession of the United States, excepting the Philippine Islands, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly.

"Nothing herein contained, however, shall prevent discrimination in price between purchasers on account of differences in grade, quality or quantity sold or that makes only due allowance for the difference in cost of selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition."

It is also declared that nothing contained in this Act shall prevent persons engaged in selling goods or merchandise from selecting their own customers in bona fide transactions and not in restraint of trade.

The word "commerce," as used in this act, is declared to mean trade or commerce among the several States or Territories of the United States or foreign nations, and the word "person" or "persons" wherever used in this Act, is deemed to include corporations and associations existing under the authority of the laws of either the United States or of any State or Territory, or of any foreign country.

Unlawful Restriction of Competition.

It is also declared to be unlawful for any person engaged in commerce to lease or make a sale, or contract for the sale of goods whether patented or unpatented, or fix a price charged therefor, or discount from or rebate upon such price on condition that the purchaser shall not use or deal in the goods of a competitor where the effect of such lease or sale may be to substantially lessen competition or tend to create a monopoly.

Right of Suit Given to Persons Injured by Violations of Anti-Trust Laws.

Any person who shall be injured in his business or property by reason of anything forbidden in the anti-trust laws may sue therefor in any district court of the United States in any district where the defendant resides or is found or has an agent without respect to the amount involved, and shall recover three-fold the damages sustained, and the cost of suit, including a reasonable attorney's fee.

A final judgment or decree rendered in any criminal prosecution, or in any suit or proceeding in equity, brought on behalf of the United States under the anti-trust laws to the effect that the defendant has violated such laws, shall be prima facie evidence against the defendant in any suit or proceeding brought by any other party against such defendant as to all matters respecting which said decree would be an estoppel as between the parties thereto. It is stated, however, that this provision shall not apply to consent judgments or decrees entered before any testimony has been taken, or to consent judgments or decrees rendered in criminal proceedings or in suits in equity in which the taking of testimony has been commenced but has not been concluded, provided such judgments or decrees are rendered before any further testimony is taken. In suits in equity or criminal prosecutions to prevent restraint, or punish violations of the anti-trust laws, the running of the statute of limitations with respect of each and every private right of action arising under said laws and based on any matter complained of shall be suspended during the pendency thereof.

Anti-Trust Laws not to Apply to Labor, Agricultural or Horticultural Organizations.

It is also declared that nothing contained in the anti-trust laws shall be construed to forbid the existence and operation of labor, agricultural or horticultural organizations instituted for the purpose of mutual help and not having capital stock, or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade under the anti-trust laws.

It is provided that no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce where the effect of such acquisition may be to substantially lessen competition between them.

Acquiring Stock in Other Corporations Unlawful.

No corporation shall acquire, directly or indirectly, any part of the stock or share capital of two or more corporations engaged in commerce where the effect of such acquisition by voting or granting proxies may be to substantially lessen competition between them, or to restrain commerce in any section or community. This section, it is declared, shall not apply to corporations purchasing stock solely for investment nor shall anything contained in this section prevent a corporation from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

A common carrier, subject to the laws to regulate commerce may aid in the construction of branches or short lines so located as to become feeders to the main line, or they may acquire or own any part of the stock of such branch line, and may acquire and own all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition.

Inter-locking Directorates.

On the subject of inter-locking directorates, it is provided that after two years from the date of the approval of this Act, no person shall at the same time be a director or other officer or employe of more than one bank, banking association or trust company organized or operating under the laws of the United States either of which has deposits, capital, surplus and undivided profits aggregating more than five million dollars, and no private banker or person who is a director in any bank or trust company organized under the laws of a State, having deposits, capital and surplus and undivided profits aggregating more than five million dollars, shall be eligible to be a director in any bank or banking association organized or operating under the laws of the United States. The eligibility of a director, officer or employe under the foregoing provisions, shall be determined by the average amount of deposits, capital, surplus and undivided profits, as shown in the official statement of such bank or trust company during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer or employe has been elected or selected in accordance with the provisions of this Act, it shall be lawful for him to continue as such for one year thereafter under said election or employment.

It is also provided that no bank, banking association or trust company organized under the laws of the United States in any city or incorporated town or village of more than 200,000 inhabitants, shall have as director or other

officer or employes any private banker or any director or other officer or employe of any other bank or trust company located in the same place. This, however, shall not apply to mutual savings banks not having a capital stock represented by shares: Provided that a director or other officer or employe of such bank or trust company may be a director or other officer or employe of not more than one other bank or trust company organized under the laws of the United States, or any State, where the entire capital of one is owned by stockholders in the other. It is also provided that nothing contained in this section shall forbid a director of Class A of a Federal Reserve Bank, as defined in the Federal Reserve Act, from being an officer or director, or both an officer and director in one member bank.

From and after two years from the date of the approval of this Act no person at the same time shall be a director in any two or more corporations, any one of which has a capital, surplus and undivided profits aggregating more than a million dollars, engaged wholly or in part in commerce, other than banks, banking associations, trust companies and common carriers, subject to the act to regulate commerce, if such corporations are or shall have been theretofore by virtue of their business and location of operation, competitors so that the elimination of competition by agreement between them would constitute a violation of any of the provisions of any of the anti-trust laws.

When any person elected or chosen as a director or officer, or selected as employe of any bank or other corporation subject to the provisions of this Act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity, his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

Carriers Not to Deal With Concerns Having Directors in Common, Unless by Competition.

After two years from the approval of this act no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind to the amount of more than fifty thousand dollars in the aggregate in any one year with another corporation, firm or partnership when the said common carrier shall have upon its board of directors, or as its President, manager, or as its purchasing or selling officer or agent in any particular transaction, any person who is at the same time a director, manager or purchasing or selling officer of, or who has any substantial interest in such other corporation, partnership or association, unless such purchases shall be made from, or such dealings shall be made with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by the Interstate Commerce Commission. Every such common carrier having any such transactions shall within thirty days after making the same file with the Interstate Commerce Commission a detailed statement of the transaction showing the manner of the competitive bidding, the names and addresses of the bidders, and whenever the Commission, after investigation or hearing, shall have reason to believe that the law has been violated it shall transmit all papers and documents with its own views or findings to the Attorney General. If any common carrier shall violate this section it shall be fined not to exceed $25,000, and every director, agent, manager and officer thereof who shall have knowingly voted for, or directed the act constituting such violation, or who shall have aided or abetted any such violation, shall be subject to a fine of not exceeding $5,000 or confined in jail not exceeding one year, or both, in the discretion of the court. The authority to enforce compliance with this section is vested in the Interstate Commerce Commission, where applicable to common carriers, in the Federal Reserve Board where applicable to banks, banking associations and trust companies, and in the Federal Trade Commission where applicable to all other character of commerce. Provision is made for the legal enforcement of these sections.

Any suit, action or proceeding under the anti-trust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant but also in any district wherein it may be found or transacts business.

Directors Responsible for Acts of Corporations.

It is also declared that whenever a corporation shall violate any of the penal provisions of the anti-trust laws such violation shall be deemed to be also that of the individual directors, officers or agents of such corporations who shall have authorized, ordered or done any of the acts constituting such violation, and such violation shall be deemed a misdemeanor punishable by a fine not exceeding five thousand dollars or one year's imprisonment, or both.

Injunctive Relief Against Threatened Loss or Damages.

It is further provided that any person, firm or corporation shall be entitled to sue for and have injunctive relief in any court of the United States having jurisdiction over the parties, against threatened loss or damage by a violation of the anti-trust laws when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by the courts of equity, and upon the execution of a proper bond against damages for an injunction improvidently granted, and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue. No preliminary injunction, however, shall be issued without notice to the opposite party, and no temporary restraining order shall be granted without notice to the opposite party unless it shall clearly appear that immediate and irreparable injury, loss or damage will result to the applicant before notice can be served and hearing had thereon.

Courts of the United States and the judges thereof are inhibited from granting any restraining order or injunction in any case between employers and employees or between persons employed and persons seeking employment unless necessary to prevent irreparable injury to property of the person making the application for which injury thereto is no adequate remedy at law.

Injunctive Relief Not to Apply Against Labor.

It is also provided that no such restraining order or injunction shall prohibit any person or persons, whether singly or in concert, from terminating any relation or employment or from ceasing to perform any work or labor, or from recommending, advising or persuading others by peaceful means to do so, or from attending at any place where any such person or persons may lawfully be for the purpose of peacefully obtaining or communicating information, or from peacefully persuading any person to work or to abstain from working, or from ceasing to patronize or to employ any party to such dispute, or from recommending, advising or persuading others by peaceful and lawful means to do so.

It is provided that if any clause, sentence, paragraph or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof but shall be confined in its operation to the clause, sentence paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered.

THE NATIONAL CITY BANK OF NEW YORK.

We are pleased to present the following statistics regarding the Exports from the Port of New York.

THE NATIONAL CITY BANK OF NEW YORK.

EXPORTS FROM THE PORT OF NEW YORK TO PRINCIPAL COUNTRIES,

Four weeks of September, 1913 and 1914.

Principal European Countries	**4 weeks ending Sept. 26, 1914**	**4 weeks ending Sept. 27, 1913**
Austria Hungary	$ 550	$ 998,410
Belgium	....	2,581,936
Denmark	1,125,139	543,194
France	4,803,157	4,832,566
Germany	1,000	6,342,622
Greece	2,155,628	113,961
Italy	1,698,687	2,110,199
Netherlands	4,116,487	5,008,367
Norway	1,351,198	284,058
Portugal	51,348	136,104
Russia	290,350	1,046,762
Spain	579,774	354,035
Sweden	54,114	619,432
United Kingdom		
England	20,482,979	12,161,737
Ireland	762,209	25,578
Scotland	1,457,309	919,558
Wales	164,845	99,286
Principal South American Countries		
Argentina	2,167,118	2,277,622
Bolivia	40,175	46,580
Brazil	1,237,381	2,405,032
Chile	677,398	542,132
Colombia	456,708	516,701
Ecuador	164,941	121,495
Paraguay	10,151	9,640
Peru	368,574	414,020
Uruguay	228,517	313,369
Venezuela	419,228	340,614
Principal Latin Countries of North America		
Central America	577,510	426,373
Cuba	5,657,442	3,224,462
Hayti	218,280	228,470
Mexico	901,831	1,076,041
Panama	1,520,518	1,074,724
Santo Domingo	337,816	350,622
Principal Oriental Countries		
China	293,862	983,881
Japan	288,258	583,312
Netherlands Possessions	261,654	521,738
Philippines	908,989	1,499,668
Siam	50,842	59,870
British Possessions	7,167,544	5,731,878

TOTAL EXPORTS, PORT OF NEW YORK, BY WEEKS, AUG. & SEPT. 1913-1914.

Week Ended	**1914**	**1913**
August 1	$14,670,910	$16,343,572
August 8	12,071,056	13,515,717
August 15	10,723,082	14,834,851
August 22	8,477,361	15,797,498
August 29	10,214,302	12,158,997
September 5	12,210,989	14,866,148
September 12	13,906,351	15,393,386
September 19	17,208,199	14,561,782
September 26	20,032,132	16,810,536